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ABSTRACT

A study was conducted of state funding methods, practices and trends in the states covered by the Southern Regional Education Board. The use of funding formulas was found to be about as prevalent as in the late 1970s. A detailed profile is presented for each of the 15 states studied. The profiles provide such information as: state agency name; name and phone number of contact person; sectors (levels of postsecondary education) covered; description of budgeting process; groups that use the formula and for what purpose; percent of total educational and general budget covered by formula provisions; instruction; research; public service; academic support; student services; institutional support; operation and maintenance of plant; scholarships and fellowships; percent that request formula is fully funded; distribution technique when formula is not fully funded; process for estimating self-generated revenue; year that basic structure of formula was adopted; summary of formula revisions under consideration; and major formula components used for state budget control. (KM)

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STATE FUNDING FORMULAS FOR HIGHER EDUCATION IN THE SREB STATES

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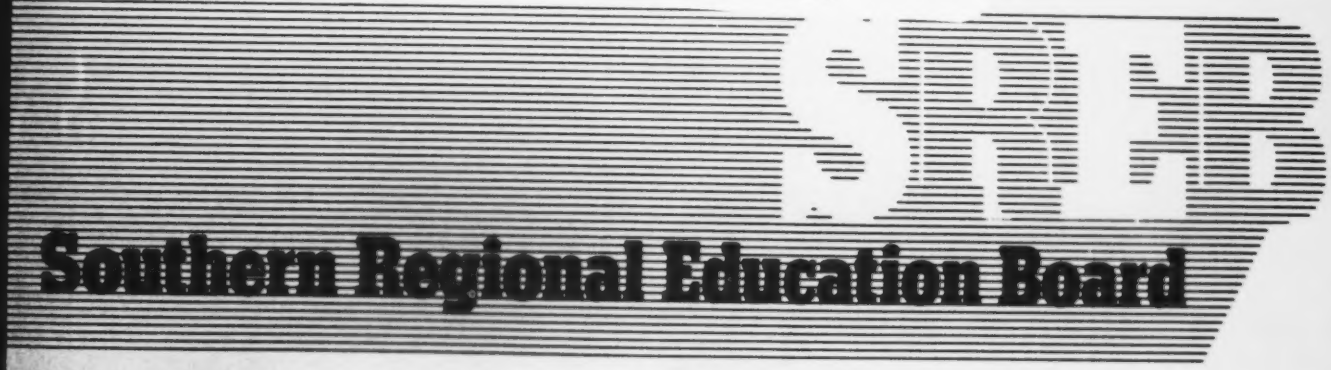

STATE FUNDING FORMULAS FOR HIGHER EDUCATION IN THE SREB STATES

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1988

$8.00

Introduction

Funding formulas (quantitative statements that prescribe how to build a request for funding or for allocation of funds) have been widely used for determining the support of public higher education by states in the SREB region. In the late 1970s an SREB study showed that 13 of the states in the region used funding formulas to request state appropriations or, less commonly, to allocate state appropriations.

Is the use of funding formulas as prevalent today, while state higher education policy leaders are concerned about quality improvement and economic development, as was the case in the late 1970s, when the concern was to prepare for a downturn in enrollments? During the summer of 1987 SREB commissioned a study of state funding methods, practices, and trends to answer these questions and to address broader issues in higher education finance.*

Funding formulas are just about as prevalent now as they were in the late 1970s. In the 1986-87 academic year 11 SREB states employed funding formulas for requesting state appropriations for their four-year colleges and universities; 10 states for two-year colleges. For allocation of the appropriated funds 10 states used funding formulas for four-year institutions; 9 states for two-year institutions. (The fact that the West Virginia Board of Regents adopted a formula funding approach in May 1988 is not reflected in these counts.)

The following two pages have tables summarizing the extent of formula funding in the SREB region and key features of the formulas as they were used during the 1986-87 academic year. The main content of this report provides detailed profiles of the funding practices followed in each of the 15 SREB states.

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* The broader questions are treated in two reports: A Summary of State Funding of Higher Education for Quality Improvement: SREB-State Trends and Actions and a longer report by J. Kent Caruthers and Joseph L. Marks, State Funding of Higher Education for Quality Improvement in the SREB States. Both reports are available from SREB, 592 Tenth Street, N.W., Atlanta, Georgia 30318-5790 at $4.00 and $8.00, respectively; payment should accompany order.

Use of Funding Formulas for Higher Education Appropriations and Allocations*
SREB States, 1986-87

	Formula Used For Appropriation			
	Request		Allocation	
	4-Year	2-Year	4-Year	2-Year
Alabama	Yes	Yes	No	Yes
Arkansas	Yes	Yes	Yes	Yes
Florida	No	Yes	In Part	Yes
Georgia	Yes	Yes	No	No
Kentucky	Yes	Yes	No	No
Louisiana	Yes	Yes	No	No
Maryland	Yes	Yes	No	Yes
Mississippi	Yes	No	Yes	Yes
North Carolina	No	Yes	No	Yes
Oklahoma	Yes	Yes	Yes	Yes
South Carolina	Yes	Yes	Yes	Yes
Tennessee	Yes	Yes	Yes	Yes
Texas	Yes	Yes	No	No
Virginia	Yes	Yes	Yes	Yes
West Virginia	No	No	No	No

* Refer to individual state summaries for more complete descriptions.

SOURCE: SREB survey of state higher education finance officers, summer 1987.

Characteristics of Higher Education Funding Formulas*
SREB States, 1986-87

	Number of Functional Categories	Number of Levels for Instruction	Number of Programs for Instruction	Percent Request Formula is Funded
Alabama				
4-Year	7	3	14	80%
2-Year	NA	NA	NA	83%
Arkansas	10	5	50	NA
Florida				
4-Year	2	NA	NA	NA
2-Year	NA	NA	NA	68%
Georgia	7	3	5	100%
Kentucky	8	5	16	88%
Louisiana	8	6	8	67%
Maryland				
4-Year	8	4	24	80%
2-Year	NA	NA	NA	100%
Mississippi				
4-Year	8	3	50	68%
2-Year	NA	NA	NA	NA
North Carolina				
4-Year	NA	NA	NA	NA
2-Year	6	NA	11	100%
Oklahoma	8	3	Varies by Institution	87%
South Carolina	7	3	35	88%
Tennessee	8	5	29	100%
Texas	8	5	18	NA
Virginia	8	6	30	92%
West Virginia	NA	NA	NA	NA

* Refer to individual state summaries for more complete descriptions.
NA: not applicable

SOURCE: SREB survey of state higher education finance officers,

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: **ALABAMA**

Agency: Alabama Commission on Higher Education

Contact Person: E. P. Rutledge (205) 269-2700

Sectors Covered in this Profile:

X Major Universities **X Other 4-Year** _ 2-Year
(see separate profile)

Description of Budgeting Process: Institutions submit requests through the Alabama Commission on Higher Education (ACHE) using both formulas and individual program justifications. The formula is revised annually to reflect regional average funding rates. ACHE may recommend less than full formula in recognition of available state revenues.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	No
Legislature to Appropriate	Yes
Agency to Allocate	No

Percent of Total Educational and General Budget Covered by Formula Provisions: 80 percent

Instruction:

Formula Provisions for Credit Instruction:

Basic Model: Cost per Student Credit Hour

Mission Differentiation: Alabama State Colleges

Levels:

Number: 3

Definition: Course Levels

Listing: Undergraduate, Graduate 1, Graduate 2

Programs/Disciplines:

Number: 14 Academic Groupings

Definition: Course Disciplines

Listing: Business, General, Education, Nursing/Health, Engineering/Architecture, Fine Arts, Home Economics, Science, Military Science, Law, Agriculture, Veterinary Medicine, Pharmacy, Interdisciplinary

Formula Provisions for Community Education: None

Non-Formula Provisions: Separate line item requests are individually evaluated

Research:

Formula Provisions: 2 percent of Combined Formula Amounts for Instruction and Academic Support plus 5 percent of Sponsored Research

Non-Formula Provisions: Line Items

Public Service:

Formula Provisions: 2 percent of Combined Formula Amount for Instruction and Academic Support

Non-Formula Provisions: Line Items

Academic Support:

Formula Provisions for General Support: 5 percent of Formula Amount for Instruction

Formula Provisions for Libraries: On-Campus Credit Hours times Cost Factors for Undergraduate, Graduate 1, Graduate 2, and Law

Non-Formula Provisions: Line Items

Student Services:

Formula Provisions: Headcount Enrollment times Funding Rate for 6 Institutional Size Categories

Non-Formula Provisions: None

Institutional Support: (also see Student Services)

Formula Provisions: 14 percent of All Other Categories except Utilities

Non-Formula Provisions: None

Operation & Maintenance of Plant:

Formula Provisions for Maintenance and Custodial: Gross Square Feet times Funding Rate

For mula Provisions for Utilities: Energy Consumption Units per Gross Square Foot times Projected Energy Price Rates per Energy Consumption Unit

Non-Formula Provisions: Deferred Maintenance Provisions

Scholarships & Fellowships:

Formula Provisions: None
Non-Formula Provisions: Line Items

Percent that Request Formula is Fully Funded: 80 percent

Distribution Technique When Formula Is Not Fully Funded: In Proportion to ACHE Recommendations

Process for Estimating Self-Generated Revenue: 90 percent of Prior Year Actual Tuition Rate per Student Credit Hour Times Projected Student Credit Hour Enrollment

Year that Basic Structure of Formula Was Adopted: 1973

Summary of Formula Revisions Under Consideration: Competitive Grants for Quality Enhancement

Major Formula Components Used for State Budget Control:

Special Units: Separate formulas are used for Cooperative Extension, Veterinary Medicine, University Hospitals, Optometry, Dentistry, and Medicine (Basic Sciences, Clinical Sciences, and Residency)

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: **ALABAMA**

Agency: Alabama Commission on Higher Education

Contact Person: E.P. Rutledge (205) 269-2700

Sectors Covered in this Profile:

_ Major Universities *(see separate profile)* _ Other 4-Year X 2-Year

Description of Budgeting Process: The overall staff cost per Full-Time-Equivalent student is computed for peer states. The result is adjusted for inflation and Alabama structural differences for fringe benefits, and then multiplied by Alabama Full-Time-Equivalent enrollments.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	Yes (separate formula from request formula)

Percent of Total Educational and General Budget Covered by Formula Provisions: Not Available

Instruction: See General Description

Formula Provisions:

Basic Model:

Mission Differentiation: A group of "high cost" programs are differentiated.

Levels: Not Applicable

Number:
Definition:
Listing:

Programs/Disciplines: Not Applicable

Number:
Definition:
Listing:

Research: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Public Service: See General Description

Formula Provisions:
Non-Formula Provisions:

Academic Support: See General Description

Formula Provisions:
Non-Formula Provisions:

Student Services: See General Description

Formula Provisions:
Non-Formula Provisions:

Institutional Support: See General Description

Formula Provisions:
Non-Formula Provisions:

Operation & Maintenance of Plant: See General Description

Formula Provisions:
Non-Formula Provisions:

Scholarships & Fellowships: See General Description

Formula Provisions:
Non-Formula Provisions:

Percent that Request Formula is Fully Funded: 83 percent (1987-88)

Distribution Technique When Formula is Not Fully Funded: Allocation technique for institutional allocation

Process for Estimating Self-Generated Revenue: Formula is based on state support only

Year that Basic Structure of Formula Was Adopted: 1985-86

Summary of Formula Revisions Under Consideration: Entire formula approach will be considered in time to make 1990-91 recommendations.

Major Formula Components Used for State Budget Control: None

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: ARKANSAS

Agency: Arkansas Department of Higher Education

Contact Person: Ed Crowe (501) 371-1441

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: The state of Arkansas operates on a biennial budget process. Institutions of higher education submit one budget request following instructions published by the Department of Higher Education. That request is reviewed by the Department of Higher Education. The Board's recommen dations are then transmitted to the governor and to the Legislative Council of the General Assembly. The Legislative Council meets prior to the beginning of a legislative session, conducts budget hearings, and prepares appropriation acts for the General Assembly's consideration. Appropriation acts are considered by the Joint Budget Committee, which makes recommendations on apprpriations and prepares the Revenue Stabilization Act. The Revenue Stabilization Act is a companion act to the appropriation acts, and takes into account all funds apropriated for allocation of those funds according to priorities. For example, the 1981-83 revenue stabilization act contained three sections. Those funds receiving the higest priority were allocated to section A, the next highest priority to section B, and the lowest priority projects in Section C. As tax revenues are received during the year, allocations in section A are funded first then allocations in section B, and then section C. For the 1982-83 fiscal year, revenue projections were that all of section A and 75 percent of section B were funded and no funding was available for section C. Revenue received by institutions of higher education must be expended in accordance with line item appropriations contained in each institution's appropriation act. Those acts also place limitations on maximum salaries that may be paid to each type of position.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: Not Available

Instruction:

Formula Provisions: Not Applicable

Basic Model: Student-Faculty Ratio times All Discipline Salary Rate

Mission Differentiation: Salary Rates for 5 Institutional Categories

Levels:

Number: 5

Definition: Course

Listing: Lower, Upper, Graduate, Professional, Doctoral

Programs/Disciplines:

Number: 50

Definition: Course

Listing: Classification of Instructional Programs (CIP) codes at 2-digit detail

Non-Formula Provisions: Instruction

Research:

Formula Provisions: Percent of Teaching Salaries for 4-Year Institutions

Non-Formula Provisions: None

Public Service:

Formula Provisions: Percent of Teaching Salaries

Non-Formula Provisions: None

Academic Support:

Formula Provisions for General Support and Departmental Operating Expense: Projected Enrollment times Funding Rates that Vary by Institution Type

Formula Provisions for Libraries: Base Funding Rate (regardless of enrollment) plus a Funding Rate times Full-Time-Equivalent Students Above Base Level Enrollment

Non-Formula Provisions: Museums and Galleries

Student Services:

Formula Provisions: Average of Headcount and Full-Time-Equivalent Enrollments by Level times Funding Rates

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: Percent of All Other Categories Excluding Transfers; Rate Varies by Institutional Type

Non-Formula Provisions: Staff Benefits

Operation & Maintenance of Plant:

Formula Provisions: Gross Square Feet times Funding Rate

Non-Formula Provisions: Utilities

Scholarships & Fellowships:

Formula Provisions: 7 percent of Tuition and Fee Income

Non-Formula Provisions: None

Equipment Replacement:

Formula Provisions: 10 percent of Equipment Inventory

Non-Formula Provisions: None

Transfers to Auxiliaries:

Formula Provisions: Base Amount plus Funding Rate per Full-Time-Equivalent Student

Non-Formula Provisions: Individually Evaluated

Percent that Request Formula is Fully Funded: Not Available

Distribution Technique When Formula is Not Fully Funded: In Proportion to Recommendation

Process for Estimating Self-Generated Revenue: 3-year enrollment rolling average times policy tuition rates

Year that Basic Structure of Formula Was Adopted: Late 1970s

Summary of Formula Revisions Under Consideration: Reducing complexity of instruction formula

Major Formula Components Used for State Budget Control: Lump sum appropriation controlled by object, e.g., salaries

Special Units: All are non-formula requests

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: FLORIDA

Agency: State University System of Florida

Contact Person: Bob Henker (904) 488-6370

Sectors Covered in this Profile:

X Major Universities X Other 4-Year _ 2-Year
(see separate profile)

Description of Budgeting Process: The 9 state universities prepare budget requests based on general guidelines provided by the Board of Regents. The Board of Regents aggregates the requests into an educational and general (Educational and General) budget. The special units are each in separate budget entities. The governor makes recommendations to the legislature. Most of the funding is determined incrementally.

Formula is Used by:

Institutions to Request	No
Agency to Review/Recommend/Request	Only in part
Governor to Review/Recommend	Only in part
Legislature to Appropriate	Only in part
Agency to Allocate	Only in part

Percent of Total Educational and General Budget Covered by Formula Provisions: Library and Plant Operation and Maintenance formulas are the only ones used consistently by all parties involved. Library and plant operation and maintenance funding is 17.8 percent of the total budget.

Instruction:

Formula Provisions: Not Applicable

Basic Model:
Mission Differentiation:
Levels: Not Applicable
Number:
Definition:
Listing:
Programs/Disciplines: Not Applicable
Number:
Definition:
Listing:

Non-Formula Provisions: Base plus cost to continue since 1979-80

Research:

Formula Provisions: Not Applicable

Non-Formula Provisions: Separately budgeted research centers; other research included with instruction

Public Service:

Formula Provisions: Not Applicable

Non-Formula Provisions: Included with Instruction

Academic Support:

Formula Provisions: Library book funds are allocated by Washington formula

Non-Formula Provisions: Base plus cost to continue

Student Services:

Formula Provisions: Not Applicable

Non-Formula Provisions: Base plus cost to continue

Institutional Support:

Formula Provisions: Not Applicable

Non-Formula Provisions: Base plus cost to continue

Operation & Maintenance of Plant:

Formula Provisions: Separate position and expense formulas based on Gross Square Feet

Non-Formula Provisions: None

Scholarships & Fellowships:

Formula Provisions: Not Applicable

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: Library books and plant operation and maintenance at 100 percent; library staffing at 62-63 percent.

Distribution Technique When Formula is Not Fully Funded: Not Available

Process for Estimating Self-Generated Revenue: Tuition and fees are determined in the appropriations bill

Year that Basic Structure of Formula Was Adopted: Not Available

Summary of Formula Revisions Under Consideration: Occasional studies to return to formula approach

Major Formula Components Used for State Budget Control: None

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: FLORIDA

Agency: Division of Community Colleges

Contact Person: Bill Odom (904) 488-7926

Sectors Covered in this Profile:

_ Major Universities (*see separate profile*) _ Other 4-Year X 2-Year

Description of Budgeting Process: The Division of Community Colleges submits a request for the 28 colleges using the most recent cost analysis and annual financial report. Historical funding levels are updated for inflation, workload changes, new programs, and improvements to derive the request.

Formula is Used by:

Institutions to Request	No
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	No (legislature allocates by formula)

Percent of Total Educational and General Budget Covered by Formula Provisions: 66 percent

Instruction:

Formula Provisions: A base year cost is developed for six types of instruction (advanced and professional, postsecondary vocational, postsecondary adult vocational, supplemental vocational, college and vocational preparatory, and adult elementary and secondary) and six objects of expenditures (faculty salaries, administrative salaries, professional salaries, non-professional salaries, expenses, and operating capital outlay). Values in the cost matrix are adjusted for appropriated price-level increases, and workload changes.

Non-Formula Provisions: Identified improvements

Research: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Public Service: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Academic Support:

Formula Provisions: Prior year costs for six objects of expenditure are determined and then adjusted for appropriated price-level increases and workload changes.

Non-Formula Provisions: Identified improvements

Student Services:

Formula Provisions: Prior year costs for six objects of expenditure are determined and then adjusted for appropriated price-level increases and workload changes.

Non-Formula Provisions: Identified improvements

Institutional Support:

Formula Provisions: Prior year costs for six objects of expenditure are determined and then adjusted for appropriated price-level increases and workload changes.

Non-Formula Provisions: Identified improvements

Operation & Maintenance of Plant:

Formula Provisions: Prior year costs for six objects of expenditure are determined and then adjusted for appropriated price-level increases and workload changes.

Non-Formula Provisions: Identified improvements

Scholarships & Fellowships: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Percent that Request Formula is Fully Funded: 68 percent

Distribution Technique When Formula is Not Fully Funded: Salary increases, price-level increases and per-student weighting factors are reduced.

Process for Estimating Self-Generated Revenue: A single tuition and fee figure for the entire system is calculated by the legislature and included in a proviso in the appropriations bill. Systemwide General Revenue funding is then reduced by the calculated amount. Local boards of trustees have the ability then to adjust tuition and fee levels plus or minus 10 percent.

Year that Basic Structure of Formula Was Adopted: Basic structure since 1984-85

Summary of Formula Revisions Under Consideration: None

Major Formula Components Used for State Budget Control: Not Applicable

Special Units: Sunshine State Schools Program, Academic Improvement Trust Fund, and Instructional Equipment and Library Resources

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: GEORGIA

Agency: University System of Georgia

Contact Person: Roger Mosshart (404) 656-2233

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: The Board of Regents submits a consolidated systemwide request for its 34 campuses using a formula approach. The governor and the legislature review this request and may adjust formula factors such as salary rates. Once the appropriation is passed, the Regents use an incremental technique for allocating to the institutions.

Formula is Used by:

Institutions to Request	No
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	No

Percent of Total Educational and General Budget Covered by Formula Provisions: 82 percent

Instruction:

Formula Provisions for Credit Instruction:

Basic Model: Instructional productivity ratios with salary rates

Mission Differentiation: None

Levels:

Number: 3

Definition: Course Level

Listing: Lower, Upper, Graduate

Programs/Disciplines:

Number: 5

Definition: Course Discipline

Listing: Group 1 (Law, Letters, Library Science, Pyschology, Social Sciences) Group 2 (Area Studies, Business, Communications, Education, Home Economics, Mathematics, Public Affairs, Interdisciplinary Studies) Group 3 (Agriculture, Architecture, Biological Sciences, Computer Science, Engineering, Fine and Applied Arts, Foreign Languages, Health Professions, Physical Sciences, Technologies) Group 4 (Remedial/Developmental Programs) and Group 5 (Medicine, Dentistry, Veterinary Medicine)

Formula Provisions for Community Education: Funding rate per Continuing Education Unit granted

Non-Formula Provisions: None

Research:

Formula Provisions: Amount equal to formula calculation for graduate instruction

Non-Formula Provisions: None

Public Service:

Formula Provisions: Not Applicable

Non-Formula Provisions: One professional and one support position per campus plus amounts for special public service institutes

Academic Support:

Formula Provisions: 17.7 percent of Instruction, Research, and Public Service

Non-Formula Provisions: None

Student Services:

Formula Provisions: Included with Institutional Support

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: 23.1 percent of Instruction, Research, and Public Service

Non-Formula Provisions: Fringe benefits and teachers' retirement

Operation & Maintenance of Plant:

Formula Provisions: Regular operations at funding rate per Gross Square Foot; major repairs/rehabilitation at 0.75 percent of current replacement value; utilities at funding rate per Gross Square Foot

Non-Formula Provisions: None

Scholarships & Fellowships: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Quality Improvement Program:

Formula Provisions: 1 percent of formula request

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: 100 percent

Distribution Technique When Formula is Not Fully Funded: Incremental judgments regardless of whether request is fully funded

Process for Estimating Self-Generated Revenue: Estimate is based on student fees recovering 25 percent of requested amount excluding community education and public service

Year that Basic Structure of Formula Was Adopted: 1982; effective 1984

Summary of Formula Revisions Under Consideration: Creation of various special institutes; special funding initiatives (added as a lump sum--no formula base)

Major Formula Components Used for State Budget Control: None

Special Units: Medicine, Dentistry and Veterinary Medicine instruction are included in the formula. Hospitals, clinics, and agricultural research and extension, and the marine and oceanographic institutes are separate budget entities.

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: KENTUCKY

Agency: Council on Higher Education

Contact Person: J. Kenneth Walker (502) 564-3553

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: The Council on Higher Education develops instructions and updates formulas for institution to use in preparing biennial budget reports. The institutional budget requests are reviewed by the Council, which recommends funding levels for each institution to the governor and legislature. Each institution receives a direct appropriation.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes, not required
Governor to Review/Recommend	Yes, not required
Legislature to Appropriate	Yes, not required
Agency to Allocate	No

Percent of Total Educational and General Budget Covered by Formula Provisions: 1 percent

Instruction:

Formula Provisions for Regular Instruction:

Basic Model: The primary calculation is a rate per student credit hour based on three-year averages (rates based on student-faculty ratios and salary averages of benchmark institutions) plus percentages for academic support

Mission Differentiation: Included with Academic Support

Levels:

Number: 5

Definition: Course Level

Listing: Lower, Upper, Masters, Doctoral, Professional

Programs/Disciplines:

Number: 16

Definition: Course Discipline (Currently crosswalking from CIP course coding to HEGIS program/discipline categories). Anticipate changing in upcoming formula review process.

Listing: HEGIS categories- Liberal Arts (Area Studies,Communications, Foreign Languages, Letters, Mathematics, Psychology, Public Affairs, and Sciences, Social Sciences, Interdisciplinary Studies); Science (Biological Sciences, Physical Sciences); Fine Arts (Fine and Applied Arts); Education; Agriculture; Engineering (Architecture and Environmental Design, Computer and Information Sciences, Engineering); Home Economics; Law; Library Science; Vocational Training (Business and Commerce Technologies, Natural Science Technologies, Public Service Related (Technologies); Health Services (Health Professions, Nursing); Technology (Data Processing Technologies, Health Services and Paramedical Technologies [except 5208], Mechanical and Engineering Techologies)

Formula Provisions for Kentucky Residency Program: Calculates support using student/faculty ratios, average compensation, and academic support (rate per resident)

Formula Provisions for Area Health Education System: Rate per student week calculated by discipline

Formula Provisions for Preparatory Education: Rate per Headcount (freshman and sophomore) with American College Test (ACT) scores less than 12

Formula Provisions for Continuing/Adult Education: Greater of base support level or percent of basic primary mission component (instruction); noncalculated formula provision for mandated program are added at budgeted state support amounts (mandated programs are those activities or programs which an institution has been specifically assigned)

Non-Formula Provisions: Centers of Excellence

Research:

Formula Provisions: Percent of sponsored research (federal, local and private gifts, grants and contracts)

Formula Provisions for Agriculture Experiment Station: Mean state support per acre of benchmark states times number of Kentucky farm acres

Noncalculated Formula Provisions: Mandated programs--added at budgeted state support amount

Public Service:

Formula Provisions: Base support level plus base for specific missions (e.g. State Government Service, Appalachian Service, and Statewide Service)

Formula Provisions for Agriculture Cooperative Extension: Average state support per county of benchmark states times number of Kentucky counties

Noncalculated Formula Provisions: Mandated programs--added at budgeted state support amount

Academic Support: (Libraries, Museums and Galleries)

Formula Provisions: Base support level plus Rate per Student Credit Hour (as included in the instruction component, based on three-year averages); separate calculations for four-year institutions and the UK Community College System

Noncalculated Formula Provisions: University Press--added at budgeted state support amount

Student Services:

Formula Provisions: Base support level plus rate per headcount students (based on three-year average)

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: Percent of formula for other functions

Noncalculated Formula Provisions: unfunded retirement liability

Operation & Maintenance of Plant:

Formula Provisions: Rate per square foot (custodial and general maintenance) and rate per non-farm acre (landscaping and grounds)

Noncalculated Formula Provisions: Utilities--added at budgeted state support amount; Rentals and leasess--added at budgeted state support amount

Scholarships & Fellowships:

Formula Provisions: Percent of tuition revenue plus state matching for federal programs

Noncalculated Formula Provisions: Mandated programs--added at budgeted state support amount

Percent that Request Formula is Fully Funded: 88 percent (1987-88)

Distribution Technique When Formula is Not Fully Funded: The formula use policy is for each insitution: base support level plus common percent (not to exceed 2/3 of new formula funds) plus "formula implementation" (additional funds proportional to its percentage of full formula funding)

Process for Estimating Self-Generated Revenue: Tuition revenue deduction calculated based on enrollment included in instruction component (three-year average); investment income deduction based on a common rate of return applied to a percentage of tuition revenues; indirect cost recovery deduction on 25 percent of indirect cost recovery for research (sponsored research in the "Other Research" component)

Year that Basic Structure of Formula Was Adopted: 1982-83

Summary of Formula Revisions Under Consideration: Comprehensive formula review to begin spring 1988 pursuant to statutory requirement

Major Formula Components Used for State Budget Control: Educational and General Debt Service and Unfunded Retirement components used by State Budget Office to determine state support needed for those particular activities

Other Components: Centers of Excellence, Salary Incentive Fund, and Hospitals, and Debt Service

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: LOUISIANA

Agency: Louisiana Board of Regents

Contact Person: Michael Galloway (504) 342-4253

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: Institutions submit requests through management boards to the Louisiana Board of Regents using both the state appropriation formula and individual program justification for non-formula units. The legislature appropriates funds on a lump-sum basis to the formula institutions, which internally budget these funds according to institutional priority. The formula is revised annually to reflect regional state funding per student after the institutions budget their lump-sum appropriations. These budgets are submitted through the management board and the Board of Regents to the governor and Joint Legislative Committee on the Budget for final approval.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	No

Percent of Total Educational and General Budget Covered by Formula Provisions: 56 percent

Instruction:

Formula Provisions:

Basic Model: Unit cost per Student Credit Hour

Mission Differentiation: None

Levels:

Number: 6

Definition: Student level; divided into high and low cost areas

Listing: Lower, Upper, Masters, Specialist/Professional, Law, Doctorate

Programs/Disciplines:

Number: 8 disciplines are within high cost areas; all others are considered low cost

Definition: Mostly course disciplines

Listing: Lower Cost, Higher Cost, Developmental, Nursing, Pharmacy, Law

Non-Formula Provisions: LSU Medical School and the LSU Center for Agriculture are funded on a line-item, object detail approach; Endowed Chairs; Quality Enhancement--equipment; and other non-formula items on formula campuses, for example, certain specifically mandated research items

Research:

Formula Provisions: A factor is included which provides per student credit hour funds for research, with the greatest amount at doctoral institutions

Non-Formula Provisions: Carefully defined research efforts

Public Service:

Formula Provisions: Included in Instruction

Non-Formula Provisions: Object detail line items, such as the Agriculture Center

Academic Support:

Formula Provisions: Included in Instruction

Non-Formula Provisions: None

Student Services:

Formula Provisions: Included in a rate per student credit hour

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: Same as Student Services

Non-Formula Provisions: None

Operation & Maintenance of Plant:

Formula Provisions: Space funding rate adjusted by a utilization factor per academic Gross Square Foot; Utility factor is based on average of the last 5 years' actual cost

Non-Formula Provisions: None

Scholarships & Fellowships:

Formula Provisions: Same as Student Services

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: 67 percent (1987-88)

Distribution Technique When Formula is Not Fully Funded: Each institution receives its share at any funded percentage of 100 percent

Process for Estimating Self-Generated Revenue: Institutions set own rate, not part of formula

Year that Basic Structure of Formula Was Adopted: 1970

Summary of Formula Revisions Under Consideration: Revision of the SREB average salaries used in the formula

Major Formula Components Used for State Budget Control: Formula is generation tool only

Special Units: Non-formula

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: MARYLAND

Agency: State Board for Higher Education

Contact Person: Lucie Lapovsky (301) 974-2971

Sectors Covered in this Profile:

X Major Universities X Other 4-Year _ 2-Year
(see separate profile)

Description of Budgeting Process: The State Board for Higher Education uses a formula approach to develop a consolidated recommendation. This recommendation covers the requirement only for state funds. Although several parts of the 5-part formula appear to relate to a specific function (and are displayed as such below), the formula is intended only to depict total institutional needs. This formula is used by the Board in making its recommendations. The governor's Department of Budget and Fiscal Planning, which develops the budget for the whole state, uses the Board's recommendations and formula as one part of their analysis. Their recommendations do not conform with the formula recommendation.

Formula is Used by:

Institutions to Request	No
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	No
Legislature to Appropriate	No
Agency to Allocate	No

Percent of Total Educational and General Budget Covered by Formula Provisions:
Not Available

Instruction:

Formula Provisions:

Basic Model: Base plus dollars per credit hour

Mission Differentiation: Includes a component for research; dollars per credit hour differ by student level

Levels:

Number: 4

Definition: Course Number

Listing: Lower, Upper, Graduate 1, Graduate 2

Programs/Disciplines:

Number: 24

Definition: Course

Listing: HEGIS categories

Non-Formula Provisions: Incremental Budgeting

Research:

Formula Provisions: 40 percent of sponsored research

Non-Formula Provisions: None

Public Service:

Formula Provisions: Included in base plus discipline cost matrix calculation

Non-Formula Provisions: None

Academic Support:

Formula Provisions: American Library Association bound volume equivalent standard

Non-Formula Provisions: None

Student Services:

Formula Provisions: Included in base plus discipline cost matrix calculation

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: Included in base plus discipline cost matrix calculation

Non-Formula Provisions: None

Operation & Maintenance of Plant:

Formula Provisions: Dollars/adjusted Gross Square Foot (adjusted for research)

Non-Formula Provisions: None

Scholarships & Fellowships:

Formula Provisions: Included in base plus discipline cost matrix calculation

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: 80 percent

Distribution Technique When Formula is Not Fully Funded: Legislative discretion

Process for Estimating Self-Generated Revenue: Based on enrollment and tuition rates for tuition and fees; for federal funds, based on anticipated research funding

Year that Basic Structure of Formula Was Adopted: 1984

Summary of Formula Revisions Under Consideration: None

Major Formula Components Used for State Budget Control: Not Applicable

Special Units: Line item, incremental

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: MARYLAND

Agency: State Board for Higher Education

Contact Person: Lucie Lapovsky (301) 974-2971

Sectors Covered in this Profile:

_ Major Universities (see separate profile) _ Other 4-Year X 2-Year

Description of Budgeting Process: The community colleges receive state aid based on a legislatively enacted formula. The State Board of Higher Education uses a different methodology to evaluate whether the legislatively mandated formula funding levels are adequate. (See profile for Maryland four-year colleges.)

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	No
Legislature to Appropriate	Yes
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: The legislatively mandated formula provides roughly 30 percent of Educational and General funds; this state component is funded at 100 percent.

Instruction: See General Description

Formula Provisions:

Basic Model: Full-time-equivalent student based

Mission Differentiation: Not Applicable

Levels: Not Applicable

Number:
Definition:
Listing:

Programs/Disciplines: Not Applicable

Number:
Definition:
Listing:

Research: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Public Service: See General Description

Formula Provisions:
Non-Formula Provisions:

Academic Support: See General Description

Formula Provisions:
Non-Formula Provisions:

Student Services: See General Description

Formula Provisions:
Non-Formula Provisions:

Institutional Support: See General Description

Formula Provisions:
Non-Formula Provisions:

Operation & Maintenance of Plant: See General Description

Formula Provisions:
Non-Formula Provisions:

Scholarships & Fellowships:

Formula Provisions:
Non-Formula Provisions:

Percent that Request Formula is Fully Funded: 100 percent

Distribution Technique When Formula is Not Fully Funded: Not Applicable

Process for Estimating Self-Generated Revenue: In most cases, the colleges are expected to raise 50 percent of the total cost--28 percent from county funds and 22 percent from tuition.

Year that Basic Structure of Formula Was Adopted: Mid-1970s

Summary of Formula Revisions Under Consideration: Peer comparisons

Major Formula Components Used for State Budget Control: Not Applicable

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: MISSISSIPPI

Agency: Board of Trustees of State Institutions of Higher Learning

Contact Person: Lucy Martin (601) 982-6620

Sectors Covered in this Profile:

X Major Universities X Other 4-Year _ 2-Year
(see separate profile)

Description of Budgeting Process: The Board of Trustees uses a formula to request funding for its 8 universities. The same formula is used to prorate the actual appropriation. Additionally, the legislature appropriates special line items outside the formula.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	No
Legislature to Appropriate	No
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: 90 percent

Instruction:

Formula Provisions:

Basic Model: Cost per Student Credit Hour

Mission Differentiation: Unit costs are determined separately for each of three university categories

Levels:

Number: 3

Definition: Course Levels

Listing: Lower, Upper, Graduate

Programs/Disciplines:

Number: 50

Definition: Course disciplines

Listing: CIP major categories

Non-Formula Provisions: Self supporting activities, for example, continuing education non-credit conferences and workshops

Research:

Formula Provisions: Included with all non-instructional functions as a percent of Instruction

Non-Formula Provisions: None

Public Service:

Formula Provisions: Included with all non-instructional functions as a percent of Instruction

Non-Formula Provisions: None

Academic Support:

Formula Provisions: Included with all non-instructional functions as a percent of Instruction

Non-Formula Provisions: None

Student Services:

Formula Provisions: Included with all non-instructional functions as a percent of Instruction

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: Included with all non-instructional functions as a percent of Instruction

Non-Formula Provisions: None

Operation & Maintenance of Plant:

Formula Provisions: Included with all non-instructional functions as a percent of Instruction

Non-Formula Provisions: None

Scholarships & Fellowships:

Formula Provisions: Included with all non-instructional functions as a percent of Instruction

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: 68 percent

Distribution Technique When Formula is Not Fully Funded: The proportions for every university in the original request are used to distribute the actual appropriation

Process for Estimating Self-Generated Revenue: Calculated as a percent of total formula-generated needs; percent varies by university type

Year that Basic Structure of Formula Was Adopted: 1974

Summary of Formula Revisions Under Consideration: A new formula process with separate guidelines for each functional area is under development and will be used in 1988-89

Major Formula Components Used for State Budget Control: Wages

Special Units: Separate negotiated line items

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: MISSISSIPPI

Agency: State Board for Community & Junior Colleges

Contact Person: William H. Bunch (601) 359-3521

Sectors Covered in this Profile:

Major Universities (*see separate profile*) Other 4-Year X 2-Year

Description of Budgeting Process: The 15 institutions submit budget requests to the State Board. The State Board aggregates them into one single request which is submitted to the legislature. Funding levels in the requests are updated for inflation, enrollment growth, new programs, special improvements, salary increases, etc.

Formula is Used by:

Institutions to Request	No
Agency to Review/Recommend/Request	No
Governor to Review/Recommend	No
Legislature to Appropriate	No
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: 43 percent (only state funds fall into the formula)

Instruction:

Formula Provisions:

Basic Model: Base amount plus full cost funding rate per Full-Time-Equivalent student

Mission Differentiation: Not Applicable

Levels: Not Applicable

Number:
Definition:
Listing:

Programs/Disciplines:

Number: 4

Definition: Student program

Listing: Academic; Vocational; Part-time
Summer; and Associate Degree Nursing

Non-Formula Provisions: Flow-through funds appr
Department of Education Vo-Tech Bureau (contr
local funds, fees, and special funds

Research: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Public Service: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Academic Support: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Student Services: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Institutional Support: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Operation & Maintenance of Plant: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Process for Estimating Self-Generated Revenue: Handled at local level

Year that Basic Structure of Formula Was Adopted: Late 1970s

Summary of Formula Revisions Under Consideration: New formula will be adopted for 1989-91; program area weightings are being considered

Major Formula Components Used for State Budget Control: Not Applicable

Special Units: Not Applicable

Description of Budgeting Process: The Board of Governors requests funding in three categories (continuing operations of each institution, salary increases, and new and expanded programs). Funds for continuing operations are appropriated directly to each institution; salary increases and new and expanded program funding are appropriated to the Board for allocation according to its schedule of priorities.

Formula is Used to:

Institutions to Request	No
Agency to Review/Recommend/Request	No
Governor to Review/Recommend	No
Legislature to Appropriate	No
Agency to Allocate	No

Academic Support

Formula Provisions: Not Applicable

Non-Formula Provisions: See General Description

Student Services

Formula Provisions: Not Applicable

Non-Formula Provisions: See General Description

Institutional Support

Formula Provisions: Not Applicable

Non-Formula Provisions: See General Description

ocess for Estimating Self-Generated Revenue: Not Available

ar that Basic Structure of Formula Was Adopted: 1971

mmary of Formula Revisions Under Consideration: None

jor Formula Components Used for State Budget Control: None

ecial Units: North Carolina School of Science and Mathematics

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: NORTH CAROLINA

Agency: Department of Community Colleges

Contact Person: Larry Morgan (919) 733-7051

Sectors Covered in this Profile:

Major Universities (*see separate profile*) Other 4-Year X 2-Year

Description of Budgeting Process: The Department of Community Colleges uses a cost per Full-Time-Equivalent student model to request funding and a student-faculty ratio approach (described below) to allocate among the colleges.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: 90 percent

Instruction:

Formula Provisions:

Basic Model: Student-Faculty ratio plus salary rates

Mission Differentiation: Not Applicable

Levels: Not Applicable

Number:
Definition:
Listing:

Programs/Disciplines:

Number: 11

Definition: Student Program

Listing: Curriculum Full-Time-Equivalent students (college transfer, technical, vocational, and general education); non-curriculum Full-Time-Equivalent students (occupational, adult literacy, and community service)

Non-Formula Provisions: None

Research: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Public Service: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Academic Support: See Institutional Support

Formula Provisions:
Non-Formula Provisions:

Student Services: See Institutional Support

Formula Provisions:
Non-Formula Provisions:

Institutional Support:

Formula Provisions: Basic position allotment per college times funding rate plus benefits rate plus other costs rate

Non-Formula Provisions: None

Operation & Maintenance of Plant: See Institutional Support

Formula Provisions:
Non-Formula Provisions:

Scholarships & Fellowships: See Institutional Support

Formula Provisions:
Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: Actual enrollments are funded by the legislature

Distribution Technique When Formula is Not Fully Funded: Based on pro-rata share according to actual enrollments

Process for Estimating Self-Generated Revenue: Receipt estimates based on actual receipts collected per Full-Time-Equivalent student

Year that Basic Structure of Formula Was Adopted: 1978

Summary of Formula Revisions Under Consideration: None

Major Formula Components Used for State Budget Control: Salaries and benefits

Special Units: Not Applicable

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: OKLAHOMA

Agency: Oklahoma State Regents for Higher Education

Contact Person: Ed Coyle (405) 521-2444

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: The State Regents for Higher Education make a consolidated budget request covering all 26 public institutions using a constructed cost per student major format. The constructed costs are recalculated annually based on various analyses. The appropriation is allocated by the State Regents in proportion to the request.

Formula is Used by:

Institutions to Request	No
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	No
Legislature to Appropriate	No
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: Varies

Instruction:

Formula Provisions:

Basic Model: Constructed full cost per student major by level

Mission Differentiation: Different factors in cost model based on type of institution (2-year, research university, etc.) and program structure

Levels:

Number: 3

Definition: Student Level

Listing: Lower, Upper, Graduate

Programs/Disciplines:

Number: Varies by institution, but numerous

Definition: Student Major

Listing: Varies by institution, but numerous

Non-Formula Provisions: None

Research:

Formula Provisions: Included in constructed cost (designated percentages of instruction)

Non-Formula Provisions: None

Public Service:

Formula Provisions: Included in constructed cost (designated percentages of instruction)

Non-Formula Provisions: None

Academic Support:

Formula Provisions: Included in constructed cost

Non-Formula Provisions: None

Student Services:

Formula Provisions: Included in constructed cost

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: Included in constructed cost

Non-Formula Provisions: None

Operation & Maintenance of Plant:

Formula Provisions: Included in constructed cost

Non-Formula Provisions: None

Scholarships & Fellowships:

Formula Provisions: Included in constructed cost: allows institutions to waive fees equal to up to 2 percent of the budget, hire graduate assistants and work study students

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: 86.85 percent (1987-88)

Distribution Technique When Formula is Not Fully Funded: Prior year amount plus proportionate share of request for new funding; some fee increases are kept at the collecting campus

Process for Estimating Self-Generated Revenue: Tuition and fees revenues are estimated based on enrollment projections and levels are set within limits set by the legislature; other collections (parking, etc.) are based on actual prior year figures

Year that Basic Structure of Formula Was Adopted: 1973

Summary of Formula Revisions Under Consideration: Funding per Full-Time-Equivalent from state appropriations and revolving funds (i.e. tuition); the goal is to fund the average cost per Full-Time-Equivalent by program as compared to peer states

Major Formula Components Used for State Budget Control: Not Applicable

Special Units: Separate justification

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: SOUTH CAROLINA

Agency: Commission on Higher Education

Contact Person: John E. Smalls (803) 253-6260

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process:

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	No
Legislature to Appropriate	No
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: 100 percent

Instruction:

Formula Provisions:

Basic Model: Student-Faculty ratios plus salary rates

Mission Differentiation: Different rates for 3 institutional types

Levels:

Number: 3

Definition: Student Level

Listing: Undergraduate, Graduate 1, Graduate 2

Programs/Disciplines:

Number: 35

Definition: Course Discipline

Listing: Classification of Instructional Programs (CIP) Categories

Formula Provisions for Honors Students: 50 percent above formula amounts

Non-Formula Provisions: None

Research:

Formula Provisions: 25 percent of prior year's sponsored research expenditures

Non-Formula Provisions: None

Public Service:

Formula Provisions: 25 percent of prior year's sponsored public service expenditures

Non-Formula Provisions: None

Academic Support:

Formula Provisions for Libraries: 10 percent of formula amount for Instruction

Formula Provisions for Other: 12 percent of formula amounts for Instruction, Research, and Public Service

Non-Formula Provisions: None

Student Services:

Formula Provisions: Declining amount per headcount student (in 4,000 student groupings) plus funding rate per student credit hour

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: The larger of $50,000 or 15 percent of all other functions

Non-Formula Provisions: None

Operation & Maintenance of Plant:

Formula Provisions: Separate formula calculations for general services, building maintenance, custodial services, and grounds maintenance.

Non-Formula Provisions: Prior year actual for utilities plus percentage rate increase (currently 2.8 percent)

Scholarships & Fellowships: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Percent that Request Formula is Fully Funded: 88 percent (1987-88)

Distribution Technique When Formula is Not Fully Funded: Pro rata allocation

Process for Estimating Self-Generated Revenue: Approximately 20 percent if all students are resident students; the rate is proportionately higher as the proportion of out-of-state students increases

Year that Basic Structure of Formula Was Adopted: 1980

Summary of Formula Revisions Under Consideration: Considering funding summer school again at 35 percent of computed cost

Major Formula Components Used for State Budget Control: Instruction, research, public service, academic support, physical plant, and institutional support

Special Units: Unique costs, honors funding

USE OF FORMULAS IN STATE LEVEL
SREB-STATE PROFILE

State: TENNESSEE

Agency: Higher Education Commission

Contact Person: Brenda N. Albright (615) 741-7574

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2

Description of Budgeting Process: Not Available

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	Yes

Percent of Total Educational and General Budget Cove
Provisions: 100 percent

Instruction:

Formula Provisions:

Basic Model: Student-faculty ratios applied t
hour production determine faculty requireme
averages

Mission Differentiation: Peer institutions ar
salary rates

Levels:

Number: 5

Definition: Course Levels

Listing: Lower, Upper, Master's, Law, Doct

Formula Provisions for Remedial: Funding rate per credit hour

Non-Formula Provisions: None

Research:

Formula Provisions: For universities only, one-half of prior year unrestricted research expenditures plus a proportionate share of a research pool based on total sponsored research

Non-Formula Provisions: None

Public Service:

Formula Provisions: Base amount plus 1 percent of Instruction

Non-Formula Provisions: None

Non-Formula Provisions: None

Institutional Support:

Formula Provisions: Base funding amount plus declining percentage amount based on total expenditures for all other functions

Non-Formula Provisions: None

Non-Formula Provisions: None

Scholarships & Fellowships

Formula Provisions: Student aid based on previous annual expenditures

Non-Formula Provisions: None

Equipment Replacement: 5 percent of equipment inventory

Performance Funding: Up to 5 percent of appropriations depending on ability to demonstrate instructional evaluation activities

Percent that Request Formula is Fully Funded: 100 percent

Summary of Formula Revisions Under Consideration: Review and possible revision of peer groups/institutions

Major Formula Components Used for State Budget Control: Not Applicable

Special Units: None

Contact Person: Bill Webb (512) 462-6360

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: The Coordinating Board uses a detailed formula for senior institutions and a simplified formula for junior colleges. The formulas are used by the Board to request financial support and to proportion the resulting appropriation.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	No

Levels:

Number: 5

Definition: Course Level

Listing: Undergraduate (4-year institutions), Undergraduate (2-year institutions), Masters, Special Professional, Doctoral

Programs/Disciplines:

Number: 18

Definition: Course Discipline

Listing: Liberal Arts, Science, Fine Arts, Teacher Education, Teacher Education-Practice Teaching, Agriculture, Engineering, Home Economics, Law, Social Service, Library Science, Vocational Training, Physical Training, Health Services, Pharmacy, Business Administration, Optometry, Technology

Non-Formula Provisions: None

Research:

Formula Provisions: Number of Full-Time-Equivalent faculty times $1,200

Non-Formula Provisions: None

Public Service: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Academic Support:

Formula Provisions for Instructional Administration: Percentage of faculty salary computation adjusted for program mix

Formula Provisions for Library: Funding rate per semester credit hour at four instructional levels

Non-Formula Provisions: None

General Administration and Student Services:

Formula Provisions: Funding rates per headcount enrollment (in three size categories) plus 7.5 percent of sponsored research

Non-Formula Provisions: None

Institutional Support: See also Student Services Above

Formula Provisions: Funding rate per semester credit hour with rate increasing over four size categories

Non-Formula Provisions: None

Operation & Maintenance of Plant:

Formula Provisions: Separate formulas for plant support services, campus security, building maintenance, custodial services, and grounds maintenance

Non-Formula Provisions: None

Scholarships & Fellowships: Not Applicable

Formula Provisions:
Non-Formula Provisions:

Faculty Development:

Formula Provisions: 1.25 percent of faculty salaries, minimum of $20,000

Non-Formula Provisions: None

Educational Opportunity Service:

Formula Provisions: $35,000 plus $50 per headcount minority student

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: A new method of funding higher education was inplemented this biennium. Only general revenue was appropriated, whereas the formulas are based on all funds; consequently, accurate figures are not currently available

Distribution Technique When Formula is Not Fully Funded: Funding rates in formula are reduced to fit appropriation

Process for Estimating Self-Generated Revenue: Institutions are asked to project tuition and other income for the next biennium; this estimate is updated as the legislative session progresses

Year that Basic Structure of Formula Was Adopted: 1954, but numerous refinements and expansions since then

Summary of Formula Revisions Under Consideration: A new formula has been developed for Allied Health programs in Health Science Centers and other modifications made to reflect those changes in the last legislative session.

Major Formula Components Used for State Budget Control: Funds cannot be transferred from Faculty Salaries

Special Units: Medical centers, hospitals, cooperative extension, experiment stations, and veterinary medicine are negotiated separately

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: VIRGINIA

Agency: State Council on Higher Education

Contact Person: Dan Hix (804) 225-3188

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: The State Council of Higher Education's guidelines (formulas) are used by the institutions to develop requests, by the Council and Governor to review and recommend, and by the General Assembly to allocate.

Formula is Used by:

Institutions to Request	Yes
Agency to Review/Recommend/Request	Yes
Governor to Review/Recommend	Yes
Legislature to Appropriate	Yes
Agency to Allocate	Yes

Percent of Total Educational and General Budget Covered by Formula Provisions: 90-95 percent

Instruction:

Formula Provisions for Faculty Positions:

Basic Model: Student-faculty ratios, benchmarked faculty salaries, non-personal service expenses, and revenue requirements

Mission Differentiation: Guidelines include mission-related variables based on level of instruction (doctoral, comprehensive, and two-year)

Levels:

Number: 6

Definition: Course

Listing: Remedial, Lower, Upper, Master's, Doctoral, Professional

Programs/Disciplines:

Number: 30

Definition: Course

Listing: Agriculture,Architecture, Area Studies, Biological Sciences, Business & Management, Communications, Computer and Information Science,Education, Engineering, Fine and Applied Arts, Foreign Languages, Health Professionals, Home Economics, Law, Letters, Library Science, Mathematics,Military Science,Physical Sciences, Psychology, Public Affiars & Services, Social Sciences, Theology, Interdisciplinary Studies,Business Technologies, Data Processing Technologies, Health Technologies, Mechanical Engineering Technologies, Natural Science Technologies, Public Service Technologies.

Formula Provisions for Classified Positions: Doctoral institutions (1 per 4 faculty Full-Time-Equivalent); other institutions (1 per 8 faculty Full-Time-Equivalent

Non-Formula Provisions: Community Education

Research:

Formula Provisions: Not Applicable

Non-Formula Provisions: Program justification

Public Service:

Formula Provisions: Not Applicable

Non-Formula Provisions: None Program justification

Academic Support:

Formula Provisions:

(1) Staffing (including academic administration): Association of Research Library (ARL) Institutions--based on mean of 20 closest ARL institutions. Non-ARL Institutions--base positions plus rate per student and faculty Full-Time-Equivalents

(2) Library Books: Various formulas using programs and enrollment

(3) Academic Computing: Work stations ratios by discipline and level (staffing for this element provided in the general instruction guideline)

Non-Formula Provisions: Museums, Ancillary Support

Student Services:

Formula Provisions: Base staff plus additional support staff based on Full-Time-Equivalent to headcount ratio for institutions that have large numbers of part-time students.

Non-Formula Provisions: None

Institutional Support:

Formula Provisions:

(1) Four-Year Institutions: Base staff plus rates per student and faculty Full-Time-Equivalent plus additional support staff based on Full-Time-Equivalent to headcount ratio for institutions that have large numbers of part-time students

(2) Two-Year Institutions: Base staff plus rate per student Full-Time-Equivalent plus additional support staff based on Full-Time-Equivalent to headcount ratio for institutions that have large numbers of part-time students

Non-Formula Provisions: None Staff for regional computer centers and logistical services

Operation & Maintenance of Plant:

Formula Provisions: The guideline is based on the existing ratio of support positions to the total number of maintained E & G square feet. Institutions may request additional staffing for new space based on the current ratio; a justification must be provided if a more favorable ratio is requested

Non-Formula Provisions: None

Scholarships & Fellowships:

Formula Provisions: None

Non-Formula Provisions: Requests for undergraduate and graduate financial aid above current levels must be justified on the basis of unmet need--based on a standadized calculation.

Equipment:

Maintenance of Effort: 8 percent of replacement value

Replacement: Working toward replacement schedule with average of 7.5 years life expectancy

Maintenance Service Contracts: 10 percent of annual Higher Education Equipment Trust Fund allocation

Discipline-Specific Guidelines: Biological and Physical Sciences, Engineering

Percent that Request Formula is Fully Funded: 92 percent (1988-89 system-wide)

Distribution Technique When Formula is Not Fully Funded: The Council has recommended for 1988-90 that no institution fall below the 90 percent level based on the latest enrollment projections.

Process for Estimating Self-Generated Revenue: Under current policy, revenue generated by E & G tuition and fees is calculated using the following rates of contribution: 4-year institutions at 25 percent of costs for residents, 75 percent for non-residents; community colleges at 20 percent of costs for residents and 100 percent for non-residents. However, the determination of specific student charges is the responsibility of the individual Boards of Visitors.

Year that Basic Structure of Formula Was Adopted: 1976

Summary of Formula Revisions Under Consideration: Guideline revisions under consideration are: revalidation of student-faculty ratios, physical plant, and equipment factors. In addition, there are Secretary's Initiatives and Commonwealth Centers. These programs are not part of a formula or guideline, but rather are special efforts to enhance certain targeted areas by the Secretary of Education, and to recognize excellent (or potentially excellent) programs by the Council.

Major Formula Components Used for State Budget Control: Position guidelines/manpower control.

Special Units: Not Applicable

USE OF FORMULAS IN STATE LEVEL BUDGETING
SREB-STATE PROFILE

State: WEST VIRGINIA

Agency: Board of Regents

Contact Person: James Schneider (304) 348-0278

Sectors Covered in this Profile:

X Major Universities X Other 4-Year X 2-Year

Description of Budgeting Process: The Board of Regents issues guidelines to institutions and then uses a modified zero-based budgeting approach to review the requests. After receiving a consolidated system appropriation, the Board allocates among the institutions.

Formula is Used by:

Institutions to Request	No
Agency to Review/Recommend/Request	No
Governor to Review/Recommend	No
Legislature to Appropriate	No
Agency to Allocate	No

Percent of Total Educational and General Budget Covered by Formula Provisions: None

Instruction:

Formula Provisions: Not Applicable

Levels: Not Applicable

Number:
Definition:
Listing:

Programs/Disciplines: Not Applicable

Number:
Definition:
Listing:

Non-Formula Provisions: Incremental, zero-based budgeting analysis

Research:

Formula Provisions: Not Applicable

Non-Formula Provisions: None Incremental analysis

Public Service:

Formula Provisions: Not Applicable

Non-Formula Provisions: Incremental analysis

Academic Support:

Formula Provisions: Not Applicable

Non-Formula Provisions: Incremental analysis

Student Services:

Formula Provisions: Not Applicable

Non-Formula Provisions: Incremental analysis

Institutional Support:

Formula Provisions: Not Applicable

Non-Formula Provisions: Incremental analysis

Operation & Maintenance of Plant:

Formula Provisions: Not Applicable

Non-Formula Provisions: Incremental analysis

Scholarships & Fellowships:

Formula Provisions: Not Applicable

Non-Formula Provisions: None

Percent that Request Formula is Fully Funded: Not Applicable

Distribution Technique When Formula is Not Fully Funded: Not Applicable

Process for Estimating Self-Generated Revenue: Prior year's annualized Full-Time-Equivalent enrollment by residence and level of student times approved fee rates less 5 percent for statewide waiver allowance

Year that Basic Structure of Formula Was Adopted: Not Applicable

Summary of Formula Revisions Under Consideration: Development of formula-oriented approach in May 1988

Major Formula Components Used for State Budget Control: Personal services, current expenses, repairs and alterations, and equipment

Special Units: Separate review and appropriation